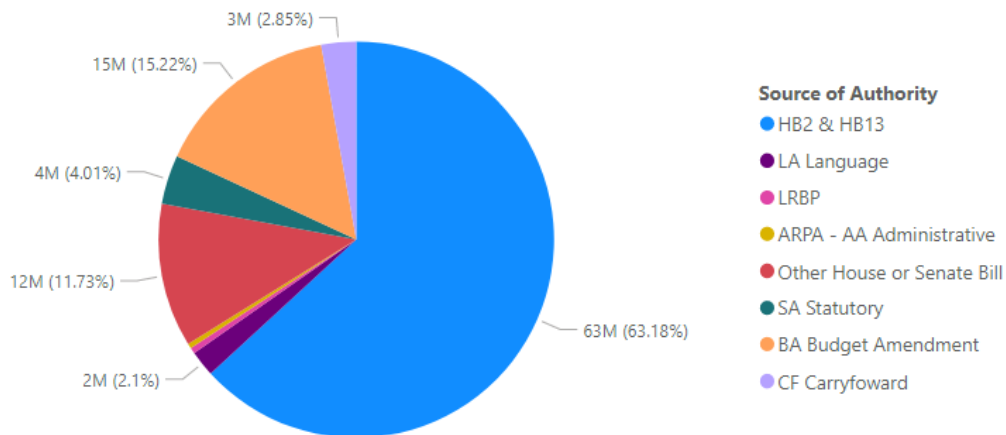


DEPARTMENT OF ENVIRONMENTAL QUALITY

TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 63.2% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.

Total Modified Budget by Source of Authority



Source of Authority	Modified Budget	Expended Budget	Percent Expended
HB2 & HB13	63,079,848	27,367,407	43.4%
BA Budget Amendment	15,194,864	2,909,212	19.1%
CF Carryforward	2,849,385	33,911	1.2%
LA Language	2,100,000		
LRBP	500,000	456,851	91.4%
Other House or Senate Bill	11,715,301	244,408	2.1%
SA Statutory	4,000,000	2,375,844	59.4%
ARPA	400,000	39,604	9.9%
Total	99,839,398	33,427,237	33.5%

Budget Amendments

Through budget amendments, the agency increased federal appropriations by \$15.2 million and has expended 19.1% of that amount. Budget amendments include:

- Non-point source water quality projects; \$2.5 million budgeted, \$978,700 or 39.2% expended. Non-point source projects protect and restore rivers, lakes, streams, groundwater and wetlands from pollutants from sources such as urban and construction site runoff, agricultural runoff and resource extraction
- Abandoned mine reclamation; \$8.0 million budgeted, \$203,000 or 2.5% expended. This authority was established for the construction of the Belt Water Treatment Plant for acid mine drainage which began construction in October 2021

- Mine permitting and air quality programs; \$3.1 million budgeted, \$1.2 million or 38.7% expended. This authority was established for grants from the Department of the Interior for Zortman Landusky and the coal e-permitting system
- Water quality and monitoring programs; \$1.5 million budgeted, \$491,000 or 32.7% expended. Montana’s water quality monitoring program conducts sampling and analysis of Montana’s surface waters to determine the health or impairment of those waters and
- Information technology projects; \$35,200 budgeted, \$9,200 or 26.1% expended. This authority is restricted for integration with the Environmental Protection Agency’s SDWIS Prime software.

Statutory Authority

The agency has expended \$2.4 million in statutory authority.

Revenues from a portion (\$0.0075) of the tax on gasoline, diesel, heating oil, and aviation fuel is statutorily appropriated to pay for the petroleum storage tank release clean up and accounts for 4.0% of the agency budget. Authorized statutory funding is expended through the Petroleum Tank Release Compensation Board, which is administratively attached to the agency.

Carryforward

The agency had \$2.8 million or 2.9% of total authority brought forward from FY 2021. This authority is primarily state special revenue budgeted in central management and water quality. Carry forward authority of \$2.3 million is set aside for cost recovery projects and will only be expended if there are new projects that require the funding. The agency has expended \$34,000 or 1.2% of this authority.

Language

The legislature provided language in HB 2 to authorize the following appropriations.

The agency has budgeted \$1.1 million in bond revenue for the Carpenter/Snow Creek superfund site near Neihart, Montana. This authority is established to ensure DEQ has the authority necessary to meet the state match requirements for federal superfund site clean-up projects.

The Petroleum Board budgeted \$1.0 million from the petroleum tank cleanup fund for paying contract expenses.

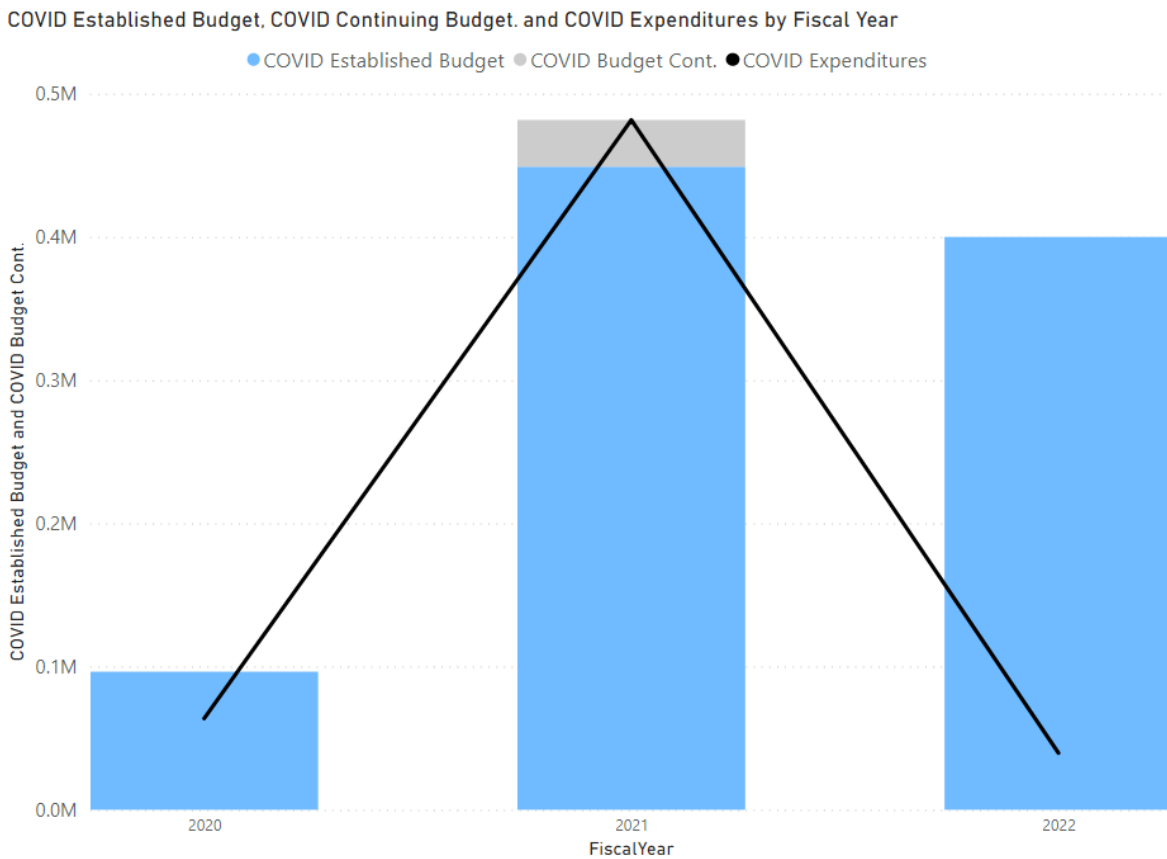
Other Bills

Funding from HB 5 totals \$11.7 million or 11.8% of the budget, \$244,000 or 2.1% has been expended. These funds are primarily from the orphan share state special revenue account and capital projects account. They are for long range projects related to environmental clean-up and energy conservation capital projects.

- State Building Energy Conservation Funds, \$8.5 million
- Remediation of Leaking Petroleum Tanks, \$2.0 million
 - Remediation, \$1.9 million
 - Montana Bureau of Mines and Geology, \$125,000
- Orphan Share, \$1.2 million

COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts.



No authority for Covid-19 was brought forward from FY 2021. For FY 2022, the agency received \$400,000 in American Recovery Plan Act funding, and as of February, the agency has expended \$39,600. The agency’s ARPA funding will be used to cover the costs of additional engineers hired to review new water and sewer infrastructure projects and will be spent over both FY 2022 and FY 2023.

HB 2 BUDGET MODIFICATIONS

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget through February 28, 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

Legislative Budget Compared to Modified Budget - HB 2 Only

Agency Name	December Modified Budget	March Modified Budget	Net Modifications
Dept of Environmental Quality	63,079,848	63,079,848	0
AIR ENERGY & MINING DIVISION	16,335,462	16,235,462	-100,000
CENTRAL MANAGEMENT PROGRAM	4,331,831	4,431,831	100,000
LIBBY ASBESTOS SF ADVISORY TM	480,000	480,000	
PETRO TANK RELEASE COMP BOARD	645,825	645,825	
WASTE MGMT & REMEDIATION DIV	22,601,194	22,601,194	
WATER QUALITY DIVISION	18,685,536	18,685,536	
Total	63,079,848	63,079,848	0

Expenditure	December Modified Budget	March Modified Budget	Net Modifications
61000 Personal Services	31,973,867	31,973,867	0
62000 Operating Expenses	25,763,734	25,763,734	0
63000 Equipment & Intangible Assets	101,740	101,740	
66000 Grants	1,775,863	1,775,863	
67000 Benefits & Claims	425,000	425,000	
68000 Transfers-out	3,039,644	3,039,644	

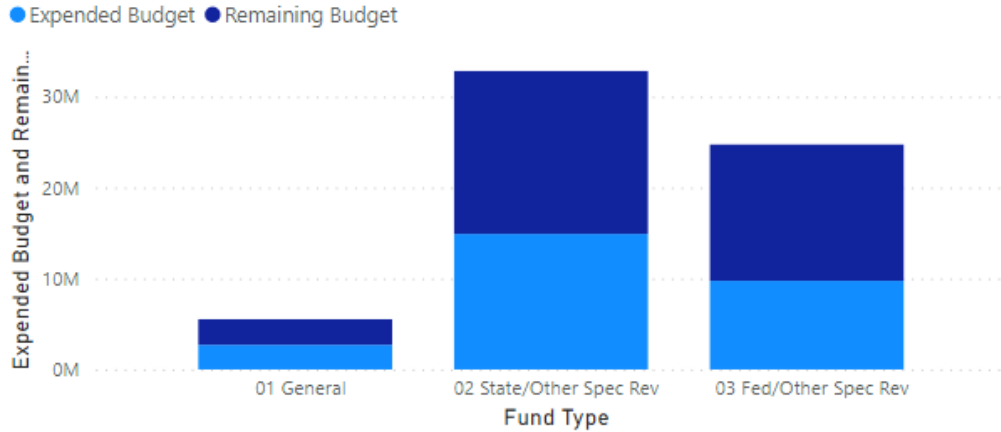
Fund Type	December Modified Budget	March Modified Budget	Net Modifications
01 General	5,524,436	5,524,436	
02 State/Other Spec Rev	32,819,464	32,819,464	0
03 Fed/Other Spec Rev	24,735,948	24,735,948	0

Changes to the agency budget in the last quarter moved \$100,000 in personal services and operating expense from the Air Energy & Mining Division to the Central Management Division to fund the transfer of an FTE for an attorney between the divisions. The total agency budget remains unchanged.

HB 2 APPROPRIATION AUTHORITY

The following chart shows the appropriated budget for the agency compared to expenditures through February 2022.

Expended Budget and Remaining Budget by Fund Type - HB 2 Only



Expenditure	Modified Budget	Expended Budget	Percent Expended
Personal Services	31,973,867	16,550,563	51.8%
Operating Expenses	25,763,734	9,279,626	36.0%
Equipment & Intangible Assets	101,740		
Grants	1,775,863	1,306,095	73.5%
Benefits & Claims	425,000	231,123	54.4%
Transfers-out	3,039,644		

Program Name	Modified Budget	Expended Budget	Percent Expended
AIR ENERGY & MINING DIVISION	16,235,462	6,555,400	40.4%
CENTRAL MANAGEMENT PROGRAM	4,431,831	1,781,533	40.2%
LIBBY ASBESTOS SF ADVISORY TM	480,000	1	0.0%
PETRO TANK RELEASE COMP BOARD	645,825	371,630	57.5%
WASTE MGMT & REMEDIATION DIV	22,601,194	10,081,055	44.6%
WATER QUALITY DIVISION	18,685,536	8,577,789	45.9%
Total	63,079,848	27,367,407	43.4%

The authority from HB 2 supports \$63.1 million or 63.2% of the agency total budget and is funded primarily with state special and federal special revenue. General fund supports only \$5.5 million or 8.8% of the agency HB 2 budget and is used primarily to fund personal services, match federal grant programs, and operations across all programs. The agency has expended 43.4% of the HB 2 appropriation through February 2022.

Personal Services

The agency was budgeted \$32.0 million in personal services to fund 365.5 FTE. The agency has expended 51.8% of that appropriation as of the end of February. By comparison, in the three previous biennia, expenditure rates for personal services at this same point of the fiscal year have ranged between 54.3% and 62.9%, with an average of 57.7%.

Operations

The agency expended 36.0% of the \$25.8 million budgeted for operations, 3.6 percentage points higher than the average expenditure rate of 32.4% in the previous three biennia. State special revenue and federal special revenue fund 92.1% of the operating expenses for the agency.

Transfers

The HB 2 budget for transfers totaled \$3.0 million, 90.0% federal funds, and was 0.0% expended. Major components of the \$2.7 million in unexpended federal funds include:

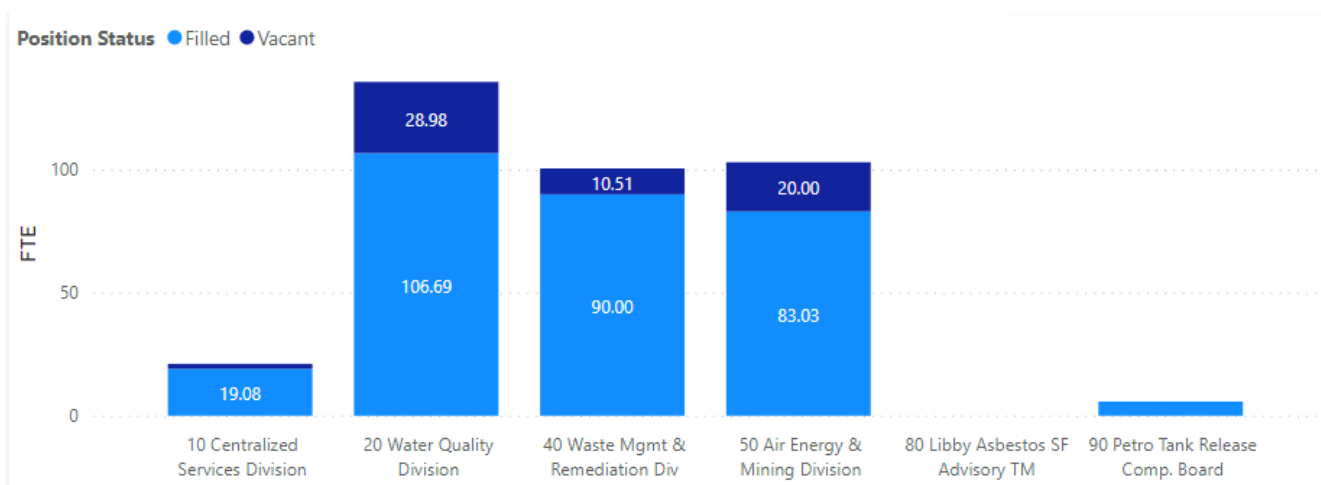
- Abandoned mines: \$2.4 million
- Superfund sites: \$260,000
- Other federal support: \$340,000

Grants, Benefits & Claims

Grants, benefits and claims are primarily funded with state special revenue and were 54.4% expended. Grant expenditures represent money disbursed to counties as part of the subdivision plat review program in the water quality division, as well as the junk vehicle and septic pumper programs in the waste management and remediation division.

Personal Services

The following chart shows the filled and vacant FTE within the agency as of February 1, 2022.



Total FTE

The Department of Environmental Quality has 365.54 FTE funded in HB 2; each division is staffed as follows:

- Centralized Services Division – 20.58 FTE
- Water Quality Division – 135.67 FTE
- Waste Management & Remediation Division – 100.01 FTE
- Air Energy & Mining Division – 103.53 FTE
- Libby Asbestos Advisory Team – 0.00 FTE
- Petroleum Tank Release Compensation Board – 5.75 FTE

Utilization Rate

Of the total personal services hours available, the agency has utilized 84.4%.

Vacancies

Vacant positions total 57.5 FTE; vacant full-time positions total 56.0 FTE, and part-time positions total 1.5 FTE. Positions vacant less than six months total 27.00 FTE, while 13.5 FTE have been vacant between six months to a year. Positions open for more than a year total 17.0 FTE; the longest position has been open for 7.5 years.

In addition to smaller applicant pools, the agency has experienced a higher percentage of offers being rejected in recent years.

The following table lists the vacancies as of February.

Department of Environmental Quality Vacancies March 2022							
<u>Air Energy & Mining Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>	<u>Centralized Services Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>
Program Section Supervisor	1.00	1.2	0.1	MEPA/MFSA Coordinator	1.00	2.62	0.22
Energy Engineer P.E.	1.00	2.2	0.2	Environmental Enforcement Specialist	1.00	31.90	2.66
Mining Environmental Spec	1.00	3.0	0.3	Division Total ¹	2.00	17.26	1.44
Program Section Supervisor	1.00	3.1	0.3	<u>Water Quality Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>
Air Quality Scientist	1.00	4.2	0.4	Drinking Water SRF Eng. PE	1.00	0.6	0.0
Computer Systems Analyst	1.00	5.4	0.4	Operations Analyst	1.00	1.2	0.1
Reclamation Specialist	1.00	5.4	0.4	GWUDISW Rule Spec/Field Insp	1.00	1.7	0.1
Data Control Specialist	1.00	7.3	0.6	Water Quality Monitoring Specialist	1.00	1.9	0.2
Program Support Specialist	1.00	7.5	0.6	Program Section Supervisor	1.00	2.2	0.2
Air Quality Planner	1.00	7.6	0.6	Sr. Drinking Water Scientist	1.00	2.6	0.2
Bureau Chief	1.00	8.1	0.7	Environmental Engineer PE	1.00	3.8	0.3
Air Quality Monitoring Coord	1.00	11.3	0.9	Env Sci Field Inspector	1.00	4.2	0.4
Air Quality Assurance Specialist	1.00	11.3	0.9	Water Quality Specialist	1.00	4.9	0.4
Computer Systems Analyst	1.00	11.3	0.9	Computer Systems Analyst	1.00	5.4	0.4
Permit Coordinator	1.00	12.7	1.1	Water Quality Specialist	1.00	5.4	0.4
Program Section Supervisor	1.00	19.1	1.6	Water Quality Specialist	1.00	5.8	0.5
Reclamation Specialist	1.00	21.4	1.8	Database Analyst	1.00	6.3	0.5
Air Quality Engineering Scientist	1.00	27.2	2.3	Database Analyst	1.00	7.2	0.6
Air Quality Engineering Scientist	1.00	29.0	2.4	Water Quality Standards Scientist	1.00	7.2	0.6
Vegetation and Soil Scientist	1.00	56.3	4.7	Program Financial Specialist	1.00	7.7	0.6
Division Total ¹	20.00	12.7	1.1	Water Quality Standards Scientist	1.00	9.3	0.8
<u>Waste Management & Remediation Division</u>	<u>FTE</u>	<u>Months Vacant</u>	<u>Years Vacant</u>	Water Quality Monitoring Scientist	1.00	11.3	0.9
Environmental Project Officer	1.00	0.8	0.1	Water Quality Modeler	1.00	26.5	2.2
Asbestos-Meth Environmental Specialist	1.00	1.2	0.1	Water Quality Science Spec	1.00	30.6	2.6
Sr Environmental Project Officer	0.50	1.2	0.1	Water Quality Modeler	1.00	39.8	3.3
Environmental Science Specialist	0.50	1.7	0.1	Air Quality Scientist	1.00	46.7	3.9
Senior Environ Project Officer	1.00	2.3	0.2	Water Quality Specialist	1.00	54.5	4.5
Records Info Management Specialist	1.00	2.8	0.2	Water Quality Science Spec	1.00	62.8	5.2
Data Control Specialist	1.00	2.8	0.2	Senior TMDL Planner	1.00	70.6	5.9
Program Section Supervisor	1.00	4.9	0.4	Water Quality Specialist	1.00	90.3	7.5
Environmental Scientist 2	0.50	7.3	0.6	Division Total ¹	26.00	19.6	1.6
Environmental Project Officer	1.00	14.1	1.2	Agency Total	57.50	15.4	1.3
Computer Systems Analyst	1.00	51.3	4.3				
Division Total ¹	9.50	9.0	0.7				

¹ Division Totals for months and days vacant are weighted averages

Turnover

Since July, the agency has had 13.00 FTE leave state employment, 10.00 FTE have retired, and 6.00 FTE have transferred to another agency.

Pay Adjustments

The agency adjusted pay for 113 positions increasing annual personal services cost by \$263,000 annually. Pay adjustments include;

- Longevity - 58
- Market – 20
- Performance – 22
- Reclassification – 1
- Career Ladder – 10
- Correct inaccurate pay – 2
- Promotion – 1

Next Steps for Personal Services Reporting

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019. This story map was created with the Story Map Cascade application in ArcGIS Online.

OTHER ISSUES

Information Technology Projects

Coal Information Management System (CIMS)

The Coal Information Management System (CIMS) is a coal e-permitting system funded with \$1.75 million in federal grants.

CIMS Phase I: The Office of Surface Mining Reclamation and Enforcement (OSMRE) is still determining what direction they want on the Inspection and Enforcement (INE) application. This phase of the CIMS project is on hold pending that decision.

CIMS Phase II: The current application in phase II is DEQ’s Bond Reclamation Calculation Estimating Application. This web application will be built by DEQ, and once complete, given to OSMRE where they can make their modifications. Development started on 11/01/21, and DEQ expended \$841,600 year to date. This application is slated to be complete for DEQ by 1/31/2025 and OSMRE’s version would then be completed by 6/30/2026.

Fees Application and Compliance Tracking System (FACTS)

The Montana Department of Environmental Quality (DEQ) developed the Fees, Application, and Compliance Tracking System (FACTS) for DEQ's water protection permit applications in 2018.

Phase III of the FACTS project will expand the FACTS ePermitting system to include;

- Additional DEQ permit applications,
- Development of an end-to-end solution for open-cut permits,
- Small miner exclusion statements,
- Portable air facility registrations,
- Subdivision approval process,
- Replace current legacy systems in DEQ's Air, Energy, and Mining Division and DEQ's Engineering and Subdivision Bureau

The expanded FACTS system will align with State standards; include new and/or refined business functionality required by State and Federal law, and meet permitting and application requirements identified in Air, Energy, and Mining's 2019 and the Subdivision Bureau's 2021 business process assessment.

Update on Decision Packages Approved by the 2021 Legislature

DP 90 - Orphan Share Expanded Use (RST/BIEN)

FY 2022 \$250,000 State Special Revenue

FY 2023 \$250,000 State Special Revenue

The legislature approved expanded use of the orphan share account to allow the Department of Environmental Quality to evaluate and take remedial actions and to respond to a release or threatened release at petroleum or hazardous substance sites. As of February, the agency has expended \$14,400 under this authority.